

***FOR THE CHILD, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
WITH INDEPENDENT AUDITOR'S REPORT***

---

DATE RECEIVED:



AUDIT REVIEW #(s) 04484

Assigned To: Leahy

Date Reviewed: 2/24/09

Reviewer's Initials: SL

Date Review(s) Completed: 2/24/09

*FOR THE CHILD, INC.*  
*FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED JUNE 30, 2008*  
*TABLE OF CONTENTS*

---

<i>Independent Auditor's Report.....</i>	<i>1</i>
 <i>Financial Statements</i>	
<i>Statement of Financial Position.....</i>	<i>2</i>
<i>Statement of Activities.....</i>	<i>3</i>
<i>Statement of Cash Flows.....</i>	<i>4</i>
<i>Statement of Functional Expenses.....</i>	<i>5</i>
<i>Notes to the Financial Statements.....</i>	<i>6-12</i>
 <i>Additional Information</i>	
<i>Schedule of Expenditures of Federal and State Awards.....</i>	<i>13</i>
 <i>Schedule of Costs Claimed, Costs Accepted and Costs Recommended for Disallowances.....</i>	 <i>14 - 15</i>
 <i>Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....</i>	   <i>16</i>
 <i>Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....</i>	   <i>17 - 18</i>
 <i>Schedule of Findings and Questioned Costs.....</i>	 <i>19</i>
 <i>Summary of Audit Results.....</i>	 <i>20</i>

**KENNETH CECIL ACCOUNTANCY CORP**  
**AFFILIATED WITH GBG**

6700 E. Pacific Coast Highway, Ste.. 255, Long Beach, CA. 90803  
Phone 562-594-8794/Fax 562-596-5894

---

***INDEPENDENT AUDITOR'S REPORT***

To the Board of Directors  
For the Child

I have audited the accompanying statement of financial position of For the Child (the "Organization") as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that this audit provides a reasonable basis for the opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards I have also issued my report dated January 22, 2009, on my consideration of the Organization's internal control over financial reporting and on tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with these reports in considering the results of the audit

My Audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Kenneth Cecil Accountancy Corp*

Long Beach, California  
January 22, 2009

**FOR THE CHILD, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2008**

---

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 30,646
Governmental grants and contracts receivable	146,500
Contributions receivable	11,680
Prepaid expenses	<u>8,183</u>

197,009

**Other assets**

Deposits	<u>3,185</u>
	<u>3,185</u>

**Property and equipment**

1,002,190

**TOTAL ASSETS**

\$ 1,202,384

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accrued expenses	\$ 63,200
Line of Credit	76,000
Current portion of long term debt	<u>7,859</u>

147,059

**Long Term Liabilities**

Mortgage payable	<u>467,141</u>
------------------	----------------

614,200

**Net Assets**

Unrestricted	555,678
Temporarily restricted	<u>32,506</u>

**TOTAL NET ASSETS**

588,184

**TOTAL LIABILITIES AND NET ASSETS**

\$ 1,202,384

---

*See the Independent Auditor's report  
and notes to the financial statements*

**FOR THE CHILD, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Governmental Grants and Contracts	\$ 1,659,282	\$ -	\$ 1,659,282
Contributions	205,812	30,000	235,812
United Way	50,000	-	50,000
Special Events (net of \$12,994 in expense)	76,608	-	76,608
Donations in kind	84,375	-	84,375
Investment income	563	-	563
Releases of temporarily restricted net assets	<u>128,242</u>	<u>(128,242)</u>	<u>-</u>
	<u>2,204,882</u>	<u>(98,242)</u>	<u>2,106,640</u>
<b>EXPENSES</b>			
Program services	1,964,380	-	1,964,380
General and administrative	135,689	-	135,689
Fund-raising	<u>64,383</u>	<u>-</u>	<u>64,383</u>
	<u>2,164,452</u>	<u>-</u>	<u>2,164,452</u>
<b>CHANGE IN NET ASSETS BEFORE LOSS ON DISPOSITION OF OLD BUILDING IMPROVEMENTS ON RENOVATION</b>	40,430	(98,242)	(57,812)
<b>LOSS ON DISPOSITION OF OLD BUILDING IMPROVEMENTS ON RENOVATION</b>	<u>(94,262)</u>	<u>-</u>	<u>(94,262)</u>
<b>CHANGE IN NET ASSETS</b>	\$ (53,832)	\$ (98,242)	\$ (152,074)
<b>BEGINNING NET ASSETS</b>	<u>609,510</u>	<u>130,748</u>	<u>740,258</u>
<b>ENDING NET ASSETS</b>	<u>\$ 555,678</u>	<u>\$ 32,506</u>	<u>\$ 588,184</u>

*See the Independent Auditor's report  
and notes to the financial statements*

**FOR THE CHILD, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

---

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (152,074)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation expense	40,039
Unrealized loss on disposition of property and equipment	94,262
Changes in operating assets and liabilities	
Governmental grants and contracts receivable	(29,100)
Pledges receivable	(7,380)
Accrued expenses	<u>(51,570)</u>
	<u>(105,823)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property and equipment	<u>(560,093)</u>
-------------------------------------	------------------

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from line of credit	76,000
Proceeds from mortgage payable	<u>475,000</u>
	<u>551,000</u>

**CHANGE IN CASH AND CASH EQUIVALENTS** (114,916)

**BEGINNING CASH AND CASH EQUIVALENTS** 145,562

**ENDING CASH AND CASH EQUIVALENTS** \$ 30,646

---

*See the Independent Auditor's report  
and notes to the financial statements*

**FOR THE CHILD**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Programs	General and Administrative	Fund Raising	Total
Agency insurance	\$ 18,266	\$ 12,840	\$ -	\$ 31,106
Bank expense	-	1,026	73	1,099
Building maintenance	9,596	4,233	3,220	17,049
Contract services	82,783	-	250	83,033
Depreciation	30,200	9,839	-	40,039
Dues and subscriptions	609	110	60	779
Equipment maintenance	6,078	4,797	131	11,006
In kind services	84,375	-	-	84,375
Interest	-	24,325	-	24,325
Miscellaneous	-	5,274	-	5,274
Office equipment	2,589	1,045	80	3,714
Postage	1,687	-	658	2,345
Printing	723	-	-	723
Professional fees	12,825	8,767	-	21,592
Program expense	28,700	101	-	28,801
Promotion	391	537	1,495	2,423
Property taxes	-	822	-	822
Publications	139	-	459	598
Recruiting	2,002	-	-	2,002
Rent	53,473	13,843	642	67,958
Retirement	1,146	-	-	1,146
Salaries	1,587,352	31,634	54,114	1,673,100
Supplies	11,373	227	2,910	14,510
Telephone	12,694	6,921	76	19,691
Training	3,623	165	-	3,788
Travel	1,517	-	215	1,732
Utilities	12,239	9,183	-	21,422
Total	<u>\$ 1,964,380</u>	<u>\$ 135,689</u>	<u>\$ 64,383</u>	<u>\$ 2,164,452</u>

*See the Independent Auditor's report  
and notes to the financial statements*

**FOR THE CHILD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

---

**NOTE 1 -ORGANIZATION**

For the Child, Inc. ( the "Organization") is a nonprofit public benefit corporation organized for the purpose of providing protection of children from abuse, neglect and exploitation. For the Child, Inc. provides individual and family counseling, child abuse prevention projects and related sociological programs. The Organization's facilities are located in Long Beach, California.

**NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization is presenting these financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation**

The net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

*Unrestricted net assets* - net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets. There were no such net assets as of June 30, 2008.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The actual amounts could differ from the estimated values and could differ significantly.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Unconditional promises to give (i.e., pledges) are recognized when made by the donor. Any restricted contributions whose purpose is met within the fiscal year is accounted for as an unrestricted contribution.

---

*See the Independent Auditor's report  
and notes to the financial statements*



**FOR THE CHILD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

---

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

No allowance for uncollectible accounts has been provided since management believes they are all collectible.

**Depreciation**

Depreciation is provided on the straight-line method over estimated useful lives ranging from three to thirty nine years.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Grants and other conditional promises to give are recognized when the conditions on which they depend are substantially met. Any funds received in advance of conditions being substantially met are recorded as refundable advances.

**Revenue Recognition**

For the Child, Inc. receives funding to administer its child abuse and neglect prevention projects from various contracts and agreements funded by the State of California Victim Compensation Program, Los Angeles County Department of Children's Services, California State Office of Emergency Services, United Way and Department of Mental Health. A receivable is recognized as revenues are earned.

**Government Grant and Contract Revenues and Receivables**

Grant revenues earned, but not received, are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as refundable advances. Grant expenditures are recorded when the liability is incurred.

No allowance for uncollectible amounts for Grants Receivable has been established, as management believes the total amount to be fully collectable.

**Donated Goods and Services**

Contribution of services shall be recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized. Donated materials and assets are recorded at fair market value at date of gift.

**Exempt Organization Status**

The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Tax Code. Contributions to the Organization are deductible for tax purposes under Section 170(c) (2) of the IRC.

---

*See the Independent Auditor's report  
and notes to the financial statements*

*FOR THE CHILD, INC.*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED JUNE 30, 2008*

---

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

The Organization, at June 30, 2008 and periodically throughout the year, has maintained balances in various operating and money market accounts in excess of federally insured limits.

**NOTE 4 - PROMISES TO GIVE**

As of June 30, 2008 donors to the Organization have made written promises to give totaling \$11,680 to assist the Organization in fulfilling its purpose. Management believes these promises to give are fully collectible.

For the Year Ending

June 30,

2009

\$ 11,180

2010

500

Net unconditional promises to give

\$ 11,680

---

*See the Independent Auditor's report  
and notes to the financial statements*

**FOR THE CHILD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2008</u>
Land	\$ 198,590
Building and improvements	820,008
Mobile Unit	164,001
Furniture & Fixtures	<u>231,828</u>
	1,414,427
Accumulated depreciation	<u>(412,237)</u>
	<u><u>\$ 1,002,190</u></u>

Depreciation expense was \$40,039 for the year ended June 30, 2008.

**NOTE 6 - SHORT TERM BANK BORROWINGS**

For the Child, Inc. has a line of credit. The credit agreement expires July 1, 2010. For the Child, Inc. may borrow in an amount not to exceed \$250,000. Interest is at the American Bank Reference Rate which was 5%. The agreement is secured by land and building and is collateralized by a deed of trust. There is an outstanding balance as of June 30, 2008 of \$76,000.

**NOTE 7 - MORTGAGE PAYABLE**

For the Child, Inc has a mortgage payable secured by its real property. The loan has a balance \$475,000 and bears interest at 6.85%. Scheduled maturities of the debt for the next 5 years and thereafter are as follows.

<b>Year</b>	<b><u>Amount</u></b>
2009	\$ 7,859
2010	8,414
2011	9,008
2012	9,646
2013	10,328
Thereafter	<u>429,745</u>
Total	<u><u>\$ 475,000</u></u>

---

*See the Independent Auditor's report  
and notes to the financial statements*

**FOR THE CHILD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

---

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted assets are available for program salaries at June 30 are as follows:

	<u>2008</u>
Foundation Grants	\$ 30,000
AWARE Bears	<u>2,506</u>
Total Temporarily Restricted Net Assets	<u>\$ 32,506</u>

**NOTE 9 - ASSETS RELEASED FROM RESTRICTIONS**

Temporarily restricted net assets were released from restriction as follows:

	<u>2008</u>
Purpose Restrictions Accomplished:	
Foundation Grants	\$ 36,561
Remodel	<u>91,681</u>
Total Assets Released from Restrictions	<u>\$ 128,242</u>

**NOTE 10 - GOVERNMENT GRANTS AND CONTRACTS**

Amounts received from government grants and contracts at June 30 are as follows:

	<u>2008</u>
County of Los Angeles (Kids' Place)	\$ 186,874
Office of Emergency Services	206,453
Victim Compensation Program	58,414
Los Angeles County Department of	
Children's and Family Services	105,615
Department of Mental Health	1,109,635
Adjustments to Contracts	<u>(7,709)</u>
Total Grants and Contracts	<u>\$ 1,659,282</u>

---

*See the Independent Auditor's report  
and notes to the financial statements*

**FOR THE CHILD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**NOTE 11 - LEASES**

For the Child, Inc. conducts parts of its operations at a leased facility under terms classified as an operating lease. The lease expires on February 28, 2015. Rent expense for the facility was \$53,200 for the year ended June 30, 2008. The Organization also leases office equipment under a noncancelable lease.

Future minimum lease payments for all noncancelable leases are as follows:

Year Ending	Amount
2009	\$ 56,848
2010	58,200
2011	60,000
2012	62,000
2012	64,000
Thereafter	<u>113,600</u>
	<u>\$ 414,648</u>

**NOTE 12 - DONATED SERVICES, FIXED ASSETS AND FACILITIES**

The estimated fair market of donated services, fixed assets and facilities included in the financial statements are as follows:

<u>Revenues and Other Support</u>	<u>2008</u>
Donated Materials	\$ -
Donated Services	<u>\$ 84,375</u>
	<u>\$ 84,375</u>

The Corporation receives a significant amount of donated services from unpaid volunteers who assist in carrying out the Organization's functions. These services have not been recorded in the financial statements.

*FOR THE CHILD, INC.*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED JUNE 30, 2008*

---

**NOTE 13 - LOSS ON DISPOSITION OF OLD BUILDING IMPROVEMENTS ON RENOVATION**

The Organization did substantial renovations and some expansion to its facilities. In course of doing this, they disposed of property that was not fully depreciated. The remaining undepreciated cost was recorded as a loss on disposition of assets of \$94,262.

**NOTE 14 - RETIREMENT PLAN**

Effective January 1, 2002 the Organization established on behalf of all eligible employees an Internal Revenue Code 401(K) defined contribution account. All employees 21 years and older with at least one year of service and 1,000 hours of work each year with the Organization are eligible. Matching contributions are only on the first 5% of compensation deposited as elective contributions each year; however, contributions cannot exceed limits imposed by Federal and State regulations. Also, each year the Board may elect to contribute non-elective/discretionary contributions based on the relationship of an individual's compensation to the total compensation for all participants. Contributions were made in the amount of \$5,165 for the year ended June 30, 2008.

**NOTE 15 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Organization's program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated between the program and supporting services benefited.

**FOR THE CHILD**  
**SCHEDULE OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Government Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Award Amount	Federal Receipts	Expenditu res	Amount Due Fr. Funding Agency
<u>FEDERAL AWARDS</u>						
U.S. Dept of Health and Human Services Pass-through State Office of Emergency Services Period II (10/1/07 to 9/30/08)	16.575	AT07041606	\$203,634	\$ 152,465	\$ 152,468	\$ 67,755
U.S. Dept of Health and Human Services Pass-through State Office of Emergency Services Period I (10/1/06 to 9/30/07)	16.575	AT06031606	<u>200.000</u>	<u>53.988</u>	<u>53.988</u>	<u>-</u>
			<u>\$403.634</u>	<u>\$ 206.453</u>	<u>\$ 206.456</u>	<u>\$ 67.755</u>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of For the Child, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

*See the Independent Auditor's report  
and notes to the financial statements*

**FOR THE CHILD, INC.**  
**SCHEDULE OF COSTS CLAIMED, COSTS ACCEPTED AND COSTS**  
**RECOMMENDED FOR DISALLOWANCE**

**STATE OFFICE OF EMERGENCY SERVICES**  
**GRANT NUMBER AT06031606**

FOR THE YEAR ENDED JUNE 30, 2008

GRANT PERIOD July 1, 2007 to September 30, 2007

	<u>Costs Claimed</u>	<u>Costs Accepted</u>	<u>Costs Recommended For Disallowance</u>
Personal Service/Employee Benefit	\$ 48,647	\$ 48,647	\$ -
In-Kind Match	<u>12,497</u>	<u>12,497</u>	<u>-</u>
	61,144	61,144	-
Operating Expenses	6,342	6,342	-
Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 67,486</u>	<u>\$ 67,486</u>	<u>\$ -</u>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

- a. This program statement has been prepared in conformity with State of California, Office of Emergency Services (OES) instructions for Form 201 EZ.
- b. The costs claimed as reported on this schedule are limited to the approved budget. Actual costs for each line item exceed the budgeted amounts.



**FOR THE CHILD, INC.**  
**SCHEDULE OF COSTS CLAIMED, COSTS ACCEPTED AND COSTS**  
**RECOMMENDED FOR DISALLOWANCE**

**STATE OFFICE OF EMERGENCY SERVICES**  
**GRANT NUMBER**

FOR THE YEAR ENDED JUNE 30, 2008

GRANT PERIOD October 1, 2007 to June 30, 2008

	<u>Costs Claimed</u>	<u>Costs Accepted</u>	<u>Costs Recommended For Disallowance</u>
Personal Service/Employee Benefit	\$ 139,644	\$ 139,644	\$ -
In-Kind Match	<u>37,503</u>	<u>37,503</u>	<u>-</u>
	177,147	177,147	\$ -
Operating Expenses	13,433	13,433	-
Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>190,580</u>	<u>190,580</u>	<u>\$ -</u>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

- a. This program statement has been prepared in conformity with State of California, Office of Emergency Services (OES) instructions for Form 201 EZ.
- b. The costs claimed as reported on this schedule are limited to the approved budget. Actual costs for each line item exceed the budgeted amounts.

**KENNETH CECIL ACCOUNTANCY CORP  
AFFILIATED WITH GBG**

6700 E. Pacific Coast Highway, Ste.. 255, Long Beach, CA. 90803  
Phone 562-594-8794/Fax 562-596-5894

---

***REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED JUNE 30, 2006***

Board of Directors  
For The Child, Inc.

I have audited the financial statements of For The Child, Inc. as of and for the year ended June 30, 2008, and have issued my report thereon dated January 22, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether For The Child, Inc.'s financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered For The Child, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving internal control over the financial reporting and its operations that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kenneth Cecil Accountancy Corp*

Long Beach, CA  
January 22, 2009

**KENNETH CECIL ACCOUNTANCY CORP**  
**AFFILIATED WITH GBG**  
6700 E. Pacific Coast Highway, Ste.. 255, Long Beach, CA. 90803  
Phone 562-594-8794/Fax 562-596-5894

---

***REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
FOR THE YEAR ENDED JUNE 30, 2007***

Board of Directors  
For The Child, Inc.

**Compliance**

I have audited the compliance of For The Child, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008, For The Child, Inc.'s major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of For The Child, Inc.'s management. My responsibility is to express an opinion on For The Child, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about For The Child, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on For The Child, Inc.'s compliance with those requirements.

In my opinion, For The Child, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. The results of my audit procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

### Internal Control Over Compliance

The management of For The Child, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered For The Child, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kenneth Cecil Accountancy Corp.*

Long Beach, CA  
January 22, 2009

*FOR THE CHILD, INC.*  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED JUNE 30, 2008*

---

None

***FOR THE CHILD, INC.***  
***SUMMARY OF AUDIT RESULTS***  
***FOR THE YEAR ENDED JUNE 30, 2008***

---

**A. SUMMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of For The Child, Inc.
2. No instances of reportable conditions were required to be reported in the report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of For The Child, Inc. which would be required to be reportable in accordance with Government Auditing Standards were disclosed during the audit.
4. No instances of reportable conditions were required to be reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for For The Child, Inc. expresses an unqualified opinion on all major programs.
6. Audit findings relative to the major federal award programs for For The Child, Inc. are reported in Part B of this Schedule.
7. There were no programs tested as major program cluster.
8. The threshold for determining type A and B programs was \$300,000.00
9. For The Child, Inc. qualified as a low risk auditee.

**FINDINGS-FINANCIAL STATEMENT AUDIT**

None

**FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS**

None